

# Governmental Operations

## **Office of the Secretary of State**

The operating budget reduces funding for the State Library by 12.5 percent. This reduction preserves funding for assistance to local libraries, historic and northwest collections, state and federal document depositories, and the Washington Talking Book and Braille Library. Funding is also restored for library services to state institutions.

Pursuant to Chapter 48, Laws of 2003 (ESB 5374), the budget authorizes the Office of the Secretary of State to spend \$13.1 million of federal funding anticipated to be received for Title I of the federal Help America Vote Act of 2002. The federal funds are intended to cover some of the costs of changing voting equipment, including eliminating punch card ballots, providing handicapped-accessible machines and touch screens in every county, and improving administration of federal elections and increased oversight of local elections.

## **Department of Community, Trade, and Economic Development**

The operating budget provides \$2.55 million for enhanced business retention and expansion, assistance to small manufacturing businesses, continuing cluster-based economic development, foreign trade offices, expanded tourism opportunities, local economic development, and various other projects.

## **Department of Personnel**

The Department of Personnel is provided with \$10.6 million from the Data Processing Revolving Fund-State to begin the development of a new statewide payroll and human resource information system. A surcharge will be added to client agencies' revolving fund assessments to fund the project. In addition to the funds provided, the Department is authorized to enter into a financing contract for the payroll and human resource information system of up to \$32.1 million.

## **Department of Revenue**

The sum of \$6.18 million is provided to the Department of Revenue for additional revenue enforcement efforts. Strategies may include, but are not limited to, additional taxpayer education, audit activity, tax discovery efforts, and delinquent account collections. Positions funded include auditors, revenue agents, excise tax examiners, one hearings examiner, and one field audit manager. This item is expected to produce \$32.0 million in revenue for the state general fund in the 2003-05 biennium.

## **Liquor Control Board**

In the 2001-03 biennium, the Legislature appropriated one-time funding for new point-of-sale technology, the Merchandising Business System (MBS). Additional funding of \$1.3 million is provided from the Liquor Revolving Account to purchase MBS software licenses, provide training, and hire technical staff to support the system. The MBS will allow tracking of all state store retail sales and facilitate forecasting and data analysis, which should enable more effective purchasing and business practices.

Appropriation authority of \$5.7 million from the Liquor Revolving Account is provided for the Liquor Control Board to open five new liquor stores in areas that are underserved due to rapid population growth, to relocate 13 existing liquor stores to more convenient and marketable locations, and to avoid closure and reductions in store hours.

## **Military Department**

Based on recent congressional action, \$43.6 million in total federal funding is available to assist Washington State in improving homeland security, with no state or local matching fund requirements. The funding is intended for prescribed equipment, exercises, training, and competitive grants. Over 80 percent of the total federal funds are for distribution to local governments. State uses of funding include terrorism and consequence management efforts, support for the Community Emergency Response Training (CERT)/Citizen Corps Program, and

enhancements to security at the state capital. The Military Department will receive the funds and distribute them as determined by the Adjutant General and the Governor's Homeland Security Executive Group in conjunction with federal requirements and approval.

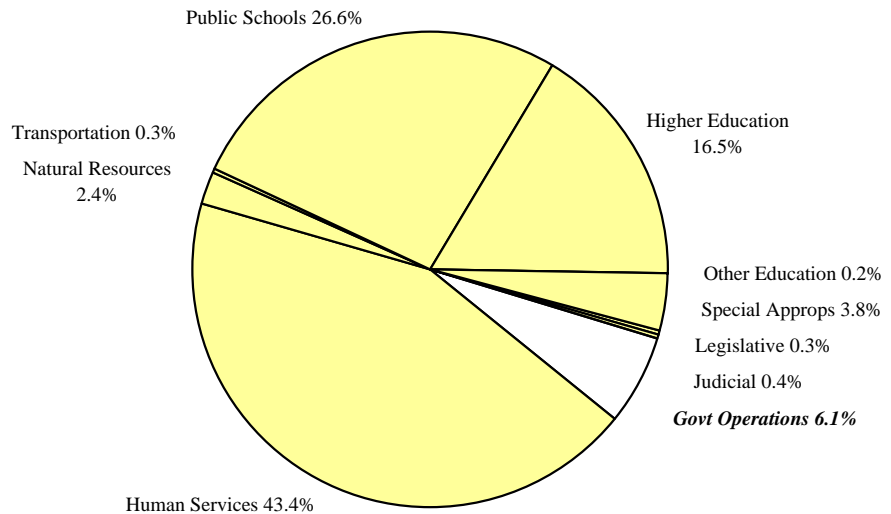
The operating budget provides \$11.2 million in funding from the Enhanced 911 Account to assist local governments with providing enhanced 911 (E911) services, which allow responders to automatically determine a caller's location. An increased level of support for 33 counties is provided to meet new federal requirements that E911 systems work with wireless calls and to update equipment for wireline calls. These counties currently collect the maximum local taxes permitted by law to cover E911 expenses but are not able to cover minimum service requirements.

# 2003-05 Washington State Operating Budget

## Total Budgeted Funds

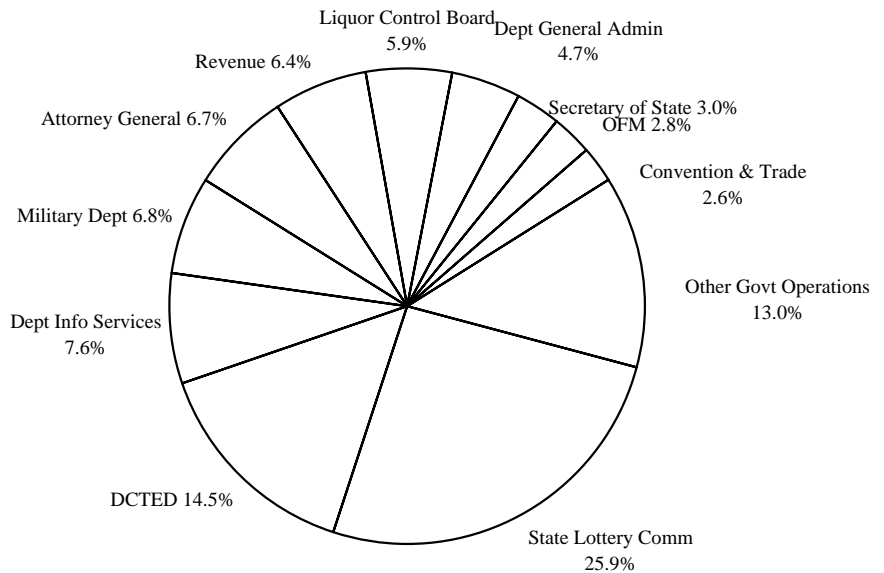
(Dollars in Thousands)

Legislative	136,394
Judicial	162,179
<b>Governmental Operations</b>	<b>2,726,495</b>
Human Services	19,457,885
Natural Resources	1,091,562
Transportation	123,957
Public Schools	11,906,608
Higher Education	7,400,500
Other Education	99,594
Special Appropriations	1,690,584
<b>Statewide Total</b>	<b>44,795,758</b>



## Washington State

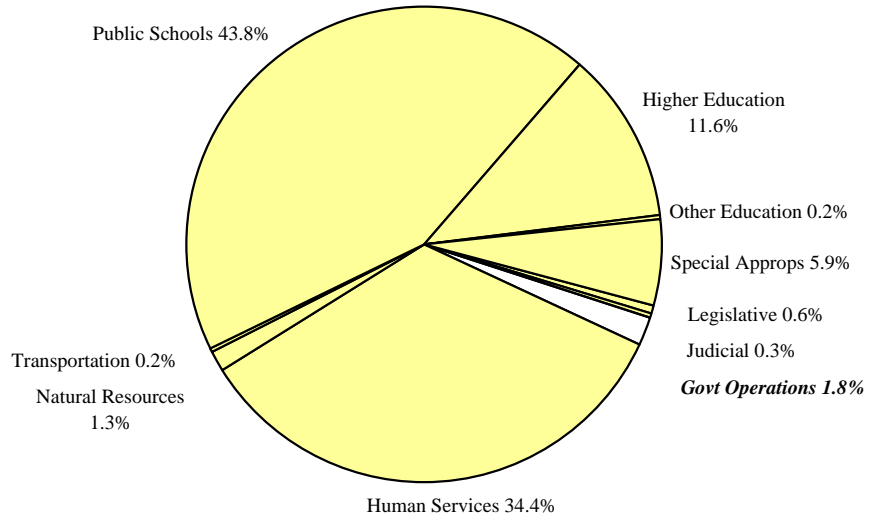
Lottery Commission	705,818
Comm/Trade/Econ Dev	396,606
Dept Information Services	207,447
Military Department	185,462
Attorney General	182,263
Revenue	175,679
Liquor Control Board	159,608
Dept General Administration	129,245
Secretary of State	81,907
Office of Financial Mgmt	75,318
Convention & Trade Center	71,752
Other Govt Operations	355,390
<b>Governmental Operations</b>	<b>2,726,495</b>



**2003-05 Washington State Operating Budget**  
**General Fund-State**  
(Dollars in Thousands)

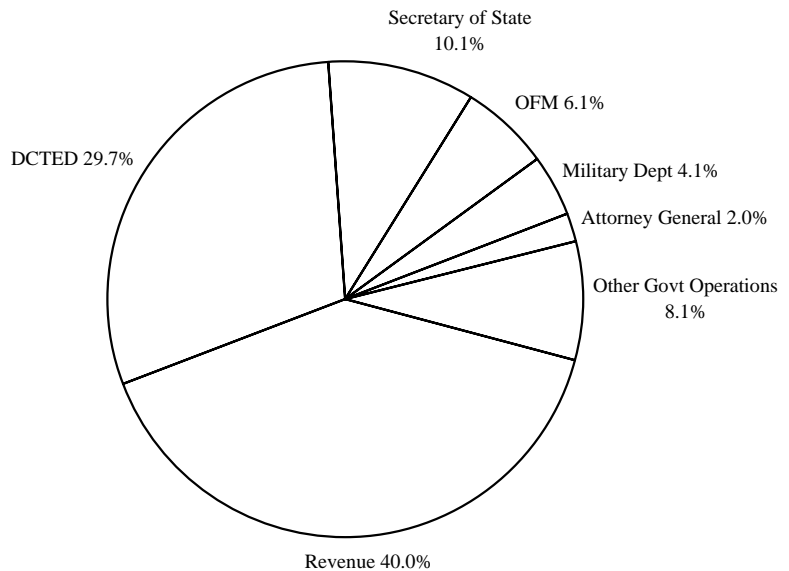
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Legislative	129,628
Judicial	78,492
<b>Governmental Operations</b>	<b>411,360</b>
Human Services	7,933,222
Natural Resources	297,097
Transportation	48,834
Public Schools	10,104,649
Higher Education	2,667,195
Other Education	39,932
Special Appropriations	1,370,972
<b>Statewide Total</b>	<b>23,081,381</b>



**Washington State**

Revenue	164,560
Comm/Trade/Econ Dev	122,260
Secretary of State	41,428
Office of Financial Mgmt	25,045
Military Department	16,709
Attorney General	8,166
Other Govt Operations	33,192
<b>Governmental Operations</b>	<b>411,360</b>



## Office of the Governor

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>8,525</b>	<b>4,127</b>	<b>12,652</b>
2003 Supplemental *	-58	-26	-84
<b>Total 2001-03 Biennium</b>	<b>8,467</b>	<b>4,101</b>	<b>12,568</b>
<b>2003-05 Maintenance Level</b>	<b>8,337</b>	<b>5,226</b>	<b>13,563</b>
<b>Policy Changes</b>			
1. General Inflation	-62	-26	-88
2. Pension Funding Change	-46	-26	-72
3. Revolving Funds	-4	0	-4
4. Staff Reduc. & Oper. Efficiencies	-676	-180	-856
<b>Total 2003-05 Biennium</b>	<b>7,549</b>	<b>4,994</b>	<b>12,543</b>
Fiscal Year 2004 Total	3,773	2,492	6,265
Fiscal Year 2005 Total	3,776	2,502	6,278

**Comments:**

- General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, Water Quality Account-State)
- Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal, Water Quality Account-State)
- Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
- Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal, Water Quality Account-State)

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Office of the Lieutenant Governor

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>877</b>	<b>0</b>	<b>877</b>
<b>2003-05 Maintenance Level</b>	<b>1,154</b>	<b>0</b>	<b>1,154</b>
<b>Policy Changes</b>			
1. General Inflation	-4	0	-4
2. Pension Funding Change	-4	0	-4
3. Revolving Funds	6	0	6
4. Staff Reduc. & Oper. Efficiencies	-54	0	-54
<b>Total 2003-05 Biennium</b>	<b>1,098</b>	<b>0</b>	<b>1,098</b>
Fiscal Year 2004 Total	549	0	549
Fiscal Year 2005 Total	549	0	549

**Comments:**

- General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
- Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
- Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
- Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

## Public Disclosure Commission

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>3,756</b>	<b>0</b>	<b>3,756</b>
<b>2003-05 Maintenance Level</b>	<b>3,920</b>	<b>0</b>	<b>3,920</b>
<b>Policy Changes</b>			
1. General Inflation	-11	0	-11
2. Pension Funding Change	-20	0	-20
3. Revolving Funds	2	0	2
4. Staff Reduc. & Oper. Efficiencies	-330	0	-330
<b>Total 2003-05 Biennium</b>	<b>3,561</b>	<b>0</b>	<b>3,561</b>
Fiscal Year 2004 Total	1,790	0	1,790
Fiscal Year 2005 Total	1,771	0	1,771

**Comments:**

- 1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
- 2. Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
- 3. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
- 4. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

## Office of the Secretary of State

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>16,931</b>	<b>18,617</b>	<b>35,548</b>
<b>2003-05 Maintenance Level</b>	<b>42,132</b>	<b>26,200</b>	<b>68,332</b>
<b>Policy Changes</b>			
1. General Inflation	-133	-125	-258
2. Initiative/Referendum Verification	-200	0	-200
3. Library Svcs to State Institutions	2,558	0	2,558
4. Defense of Blanket Primary	134	0	134
5. Public Affairs Broadcasting	-177	0	-177
6. State Archives	0	1,471	1,471
7. Pension Funding Change	-138	-66	-204
8. SSB 5274 (Archives Div Funding)	0	0	0
9. Help America Vote Act	0	13,121	13,121
10. State Library Reduction	-2,678	0	-2,678
11. Revolving Funds	938	68	1,006
12. Staff Reduc. & Oper. Efficiencies	-1,008	-190	-1,198
<b>Total 2003-05 Biennium</b>	<b>41,428</b>	<b>40,479</b>	<b>81,907</b>
Fiscal Year 2004 Total	24,336	27,384	51,720
Fiscal Year 2005 Total	17,092	13,095	30,187

**Comments:**

- General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)
- Initiative/Referendum Verification** - This activity facilitates the filing and processing of proposed initiatives and referenda, the filing of completed petitions, and verification of voter signatures on filed petitions. Historically, there has been a fund balance at the end of each fiscal year. Funding is reduced to more accurately reflect the costs of this activity.
- Library Svcs to State Institutions** - Funding is restored so that the State Library can provide services to libraries in ten correctional facilities and two mental hospitals.
- Defense of Blanket Primary** - Funding is provided to reimburse the Attorney General's office for legal expenses related to defending the state's statutorily-mandated blanket primary system.
- Public Affairs Broadcasting** - The Office of the Secretary of State contracts with a nonprofit organization to produce gavel-to-gavel television coverage of state government deliberations or other events of statewide significance. Funding is not provided for the implicit price deflator increase.
- State Archives** - Funding is provided for five activities related to the State Archives: (1) to allow the State Archives to provide immediate assistance to local governments with protecting and preserving archival documents in the event of an unanticipated disaster; (2) to contract services for the brown-toning (polysulfide treatment) of all essential local government security microfilm and to complete the security microfilm project; (3) for off-site storage lease space and one temporary warehouse worker to consolidate records holdings; (4) to conduct a physical inventory of all state agency security microfilm and inspect all reels holding permanent, essential records; and (5) to support increased State Archives preservation microfilming and local government archives preservation microfilming. The Office of the Secretary of State shall use account fund balances to fund items 3, 4, and 5. The agency shall not increase revolving fund charges to fund these items. (Archives and Records Management Account-State, Archives and Records Management Account-Private/Local)
- Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
- SSB 5274 (Archives Div Funding)** - Spending authority is provided pursuant to Chapter 163, Laws of 2003 (SSB 5274). All receipts collected for contract imaging, micrographics, reproduction, and duplication services provided by the Division of Archives and Records Management are to be deposited into the Imaging Account. All receipts collected by county auditors for local government services, such as providing records scheduling, security microfilm inspections and storage, archival preservation, and cataloguing, are to be deposited into the Local Government Archives Account. In addition, all surcharges for unpaid taxes or liabilities and recording documents are to be



## Office of the Secretary of State

deposited into the Local Government Archives Account.  
(Archives and Records Management Account-State, Archives  
and Records Management Account-Private/Local, Imaging  
Account-Non-Appropriated, Local Government Archives  
Account-State)

9. **Help America Vote Act** - Pursuant to Chapter 48, Laws of 2003 (ESB 5374), spending authority is provided in anticipation of receipt of federal funding for Title I of the federal Help America Vote Act of 2002. Federal funding received will assist states in replacing punch card voting equipment and improving administration of federal elections, including increased oversight of local elections. (Election Account-Federal)
10. **State Library Reduction** - State Library funding is reduced by 12.5 percent. This reduction in state library services preserves the following services: (1) assistance to local libraries; (2) historic and northwest collections; (3) state and federal document depositories; and (4) talking book and braille services.
11. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)
12. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

## Governor's Office of Indian Affairs

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>543</b>	<b>0</b>	<b>543</b>
2003 Supplemental *	5	0	5
<b>Total 2001-03 Biennium</b>	<b>548</b>	<b>0</b>	<b>548</b>
<b>2003-05 Maintenance Level</b>	<b>565</b>	<b>0</b>	<b>565</b>
<b>Policy Changes</b>			
1. General Inflation	-4	0	-4
2. Transfer Govt-to-Govt Training	-100	0	-100
3. Pension Funding Change	-4	0	-4
4. Revolving Funds	10	0	10
<b>Total 2003-05 Biennium</b>	<b>467</b>	<b>0</b>	<b>467</b>
Fiscal Year 2004 Total	228	0	228
Fiscal Year 2005 Total	239	0	239

**Comments:**

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
2. **Transfer Govt-to-Govt Training** - Government-to-government training, conducted for stakeholders and federal, state, local, and tribal government employees, is transferred to the Department of Personnel.
3. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
4. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Washington State Commission on Asian-Pacific-American Affairs

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>434</b>	<b>0</b>	<b>434</b>
2003 Supplemental *	-17	0	-17
<b>Total 2001-03 Biennium</b>	<b>417</b>	<b>0</b>	<b>417</b>
<b>2003-05 Maintenance Level</b>	<b>423</b>	<b>0</b>	<b>423</b>
<b>Policy Changes</b>			
1. General Inflation	-4	0	-4
2. Asian-Pacific-American Issues	-39	0	-39
3. Pension Funding Change	-2	0	-2
4. Revolving Funds	10	0	10
<b>Total 2003-05 Biennium</b>	<b>388</b>	<b>0</b>	<b>388</b>
Fiscal Year 2004 Total	194	0	194
Fiscal Year 2005 Total	194	0	194

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
2. **Asian-Pacific-American Issues** - In order to increase administrative efficiency, the Governor's Office of Indian Affairs shall collocate with the Commission on Asian-Pacific-American Affairs, the Commission on African-American Affairs, the Commission on Hispanic Affairs, and the Citizens' Commission on Salaries for Elected Officials. Administrative and salary savings are assumed due to shared administrative functions and fixed costs.
3. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
4. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Office of the State Treasurer

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>12,870</b>	<b>12,870</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>13,805</b>	<b>13,805</b>
<b>Policy Changes</b>			
1. General Inflation	0	-48	-48
2. Pension Funding Change	0	-72	-72
3. Revolving Funds	0	-30	-30
4. Staff Reduc. & Oper. Efficiencies	0	-506	-506
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>13,149</b>	<b>13,149</b>
Fiscal Year 2004 Total	0	6,585	6,585
Fiscal Year 2005 Total	0	6,564	6,564

**Comments:**

- General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (State Treasurer's Service Account-State)
- Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (State Treasurer's Service Account-State)
- Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (State Treasurer's Service Account-State)
- Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (State Treasurer's Service Account-State)

## Office of the State Auditor

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>1,952</b>	<b>42,158</b>	<b>44,110</b>
<b>2003-05 Maintenance Level</b>	<b>1,831</b>	<b>45,547</b>	<b>47,378</b>
<b>Policy Changes</b>			
1. General Inflation	-2	-183	-185
2. Sunset Life Building	0	1,187	1,187
3. SAO Network Security	0	80	80
4. Pension Funding Change	-10	-268	-278
5. Revolving Funds	0	-6	-6
6. Staff Reduc. & Oper. Efficiencies	-416	-2,627	-3,043
<b>Total 2003-05 Biennium</b>	<b>1,403</b>	<b>43,730</b>	<b>45,133</b>
Fiscal Year 2004 Total	701	21,905	22,606
Fiscal Year 2005 Total	702	21,825	22,527

**Comments:**

- General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, Municipal Revolving Account-State, Auditing Services Revolving Account-State)
- Sunset Life Building** - The State Auditor's office will move staff out of the General Administration Building and the Department of Social and Health Services' offices to the Sunset Life Building when the Treasurer's office moves back to the Legislative Building upon completion of the Capitol Campus improvement project. Funding is provided for tenant improvements, equipment, and increased rent. (Municipal Revolving Account-State, Auditing Services Revolving Account-State)
- SAO Network Security** - Funding is provided for updates to internal security in order to authenticate auditors accessing of the State Auditor's network from field offices throughout the state. (Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)
- Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)
- Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)
- Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)

## Citizens' Commission on Salaries for Elected Officials

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>227</b>	<b>0</b>	<b>227</b>
<b>2003-05 Maintenance Level</b>	<b>232</b>	<b>0</b>	<b>232</b>
<b>Policy Changes</b>			
1. General Inflation	-2	0	-2
2. Revolving Funds	10	0	10
<b>Total 2003-05 Biennium</b>	<b>240</b>	<b>0</b>	<b>240</b>
Fiscal Year 2004 Total	83	0	83
Fiscal Year 2005 Total	157	0	157

**Comments:**

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
2. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

## Office of the Attorney General

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>8,881</b>	<b>156,092</b>	<b>164,973</b>
2003 Supplemental *	3	0	3
<b>Total 2001-03 Biennium</b>	<b>8,884</b>	<b>156,092</b>	<b>164,976</b>
<b>2003-05 Maintenance Level</b>	<b>9,854</b>	<b>174,950</b>	<b>184,804</b>
<b>Policy Changes</b>			
1. General Inflation	-56	-967	-1,023
2. Executive Ethics Board	-697	697	0
3. Homicide Investigation Tracking Sys	-539	90	-449
4. Legal Services to State Agencies	0	2,660	2,660
5. Division Relocation	0	403	403
6. Pension Funding Change	-56	-1,038	-1,094
7. Revolving Funds	0	42	42
8. Staff Reduc. & Oper. Efficiencies	-340	-3,414	-3,754
9. Self-Insurance Premiums	0	674	674
<b>Total 2003-05 Biennium</b>	<b>8,166</b>	<b>174,097</b>	<b>182,263</b>
Fiscal Year 2004 Total	4,057	87,501	91,558
Fiscal Year 2005 Total	4,109	86,596	90,705

**Comments:**

- General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)
- Executive Ethics Board** - Funding for the Executive Ethics Board is shifted from the state general fund to the Legal Services Revolving Account. (General Fund-State, Legal Services Revolving Account-State)
- Homicide Investigation Tracking Sys** - The Supervised Management and Recidivism Tracking (SMART) System, which is part of the Homicide Investigation Tracking System (HITS), is eliminated. The state general fund portion of HITS funding is shifted to the Public Safety and Education Account. (General Fund-State, Public Safety and Education Account-State)
- Legal Services to State Agencies** - Funding is provided for additional legal assistance to the Department of Social and Health Services. In addition, funding is provided for the United States v. Washington Culverts case, which is anticipated to go to trial in December 2003. Funding is also provided for legal expenses related to defending the state's statutorily-mandated blanket primary system. (Legal Services Revolving Account-State)
- Division Relocation** - Funding is provided for two divisions of the Office of the Attorney General to relocate during the 2003-05 biennium. The Torts Division is presently located in a building with health and safety problems. The Revenue Division has been sharing office space with the Department of Revenue. (Legal Services Revolving Account-State)
- Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
- Revolving Funds** - Funding levels for services provided by other state agencies are adjusted to reflect what those agencies are expected to bill for their services. (Legal Services Revolving Account-State)
- Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)
- Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (Legal Services Revolving Account-State)

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Caseload Forecast Council

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>1,231</b>	<b>0</b>	<b>1,231</b>
<b>2003-05 Maintenance Level</b>	<b>1,279</b>	<b>0</b>	<b>1,279</b>
<b>Policy Changes</b>			
1. General Inflation	-4	0	-4
2. Pension Funding Change	-8	0	-8
3. Revolving Funds	10	0	10
<b>Total 2003-05 Biennium</b>	<b>1,277</b>	<b>0</b>	<b>1,277</b>
Fiscal Year 2004 Total	638	0	638
Fiscal Year 2005 Total	639	0	639

**Comments:**

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.



## Department of Community, Trade, & Economic Development

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>131,092</b>	<b>223,474</b>	<b>354,566</b>
2003 Supplemental *	-476	28,623	28,147
<b>Total 2001-03 Biennium</b>	<b>130,616</b>	<b>252,097</b>	<b>382,713</b>
<b>2003-05 Maintenance Level</b>	<b>123,019</b>	<b>270,925</b>	<b>393,944</b>
<b>Policy Changes</b>			
1. Community Services Block Grant	120	0	120
2. Washington Manufacturing Service	400	0	400
3. General Inflation	-174	-201	-375
4. Foreign Offices	400	0	400
5. Intl Trade Small Business Asst	-380	0	-380
6. Assist Local Economic Development	400	0	400
7. Financial Assistance to Business	-49	0	-49
8. Housing Trust Fund Fees	0	1,212	1,212
9. Housing Trust Fund Admin	-1,638	1,638	0
10. Distr of Funds for Local Purposes	-82	0	-82
11. Developmentally Disabled Endow Fund	-471	471	0
12. Industries of the Future	250	0	250
13. Reduce Comm Devlt Finance Staff	-70	0	-70
14. Columbia River Gorge Counties	410	0	410
15. ESSB 5586 (Lead-Based Paint)	0	806	806
16. Pension Funding Change	-177	-239	-416
17. International Trade Alliance	100	0	100
18. Reduce Revolving Loan Staff	-100	0	-100
19. Business Retention and Expansion	600	0	600
20. Tourism	400	0	400
21. Revolving Funds	-26	-18	-44
22. Staff Reduc. & Oper. Efficiencies	-672	-248	-920
<b>Total 2003-05 Biennium</b>	<b>122,260</b>	<b>274,346</b>	<b>396,606</b>
Fiscal Year 2004 Total	61,459	138,975	200,434
Fiscal Year 2005 Total	60,801	135,371	196,172

### Comments:

1. **Community Services Block Grant** - Funding is provided to the Community Services Block Grant Program for pass through to community action agencies.
2. **Washington Manufacturing Service** - Funding is provided for the Washington Manufacturing Service to provide technical assistance and guidance to Washington-based manufacturers to enhance their competitiveness in the global market place.
3. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)
4. **Foreign Offices** - Funding is provided to expand local capacity for China and to expand operations in Shanghai, Beijing, Hong Kong, and Mexico in order to assist Washington exporters in expanding their sales opportunities.
5. **Intl Trade Small Business Asst** - Funding is reduced for local export development in Bellingham and Spokane and to the Center for International Trade in Forest Products.
6. **Assist Local Economic Development** - Funding is provided for business development activities to conduct statewide or regional business recruitment and client lead generation services.
7. **Financial Assistance to Business** - The administrative portion of funding for the Child Care Advantages and Facility Fund is eliminated.
8. **Housing Trust Fund Fees** - The authority to spend the Housing Trust Fund Loan Origination Fee is shifted from the General Fund-Local Account to the Community and Economic Development Fee Account. Spending authority is provided for a new Housing Trust Fund Monitoring and Inspection Fee to be deposited into the Community and Economic Development Fee Account. (General Fund-Local, Community and Economic Development Fee Account-State)
9. **Housing Trust Fund Admin** - Authority to spend administrative fees is moved from the state general fund to the

## Department of Community, Trade, & Economic Development

Housing Trust Fund. (General Fund-State, Washington Housing Trust Account-State)

expand the sales and international trade capacity of companies in Eastern Washington.

10. **Distr of Funds for Local Purposes** - Funding for administrative purposes is reduced pursuant to Chapter 90, Laws of 2003 (SSB 5780). The law creates efficiencies by standardizing the distribution of Municipal Criminal Justice Assistance Account funds to counties and cities.
11. **Developmentally Disabled Endow Fund** - The Developmental Disabilities Endowment Fund offers special needs trusts to persons with developmental disabilities to enhance the quality of their lives. Fees are sufficient to fund administrative costs of the program. Funding is shifted from the General Fund-Local Account to the Community and Economic Development Fee Account. (General Fund-Local, Community and Economic Development Fee Account-State)
12. **Industries of the Future** - Funding is provided to develop a research program in bioinformatics as part of the Industries of the Future strategy of economic development. The Industries of the Future strategy is designed to establish Washington as a leader in emerging, strategic industries in which we already have a significant competitive advantage.
13. **Reduce Comm Devlt Finance Staff** - FTE staff and funding for the Community Development Finance Program are reduced.
14. **Columbia River Gorge Counties** - Funding is provided for grants to Washington Columbia River Gorge counties to implement their responsibilities under the national scenic area management plan. Of this amount, \$390,000 is provided for Skamania County and \$20,000 is provided for Clark County.
15. **ESSB 5586 (Lead-Based Paint)** - Funding is provided pursuant to Chapter 322, Laws of 2003 (ESSB 5586). The authority to spend the federal funds will allow the Department of Community, Trade, and Economic Development to enter and inspect premises or facilities where lead-based paint removal activities have occurred or where those engaged in training for lead-based paint activities conduct business. Costs will also include sampling activities and reviewing records. (General Fund-Federal, Lead Paint Account-State)
16. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
17. **International Trade Alliance** - Funding is provided for a contract with the International Trade Alliance of Spokane to
18. **Reduce Revolving Loan Staff** - FTE staff and funding for the administration of revolving loans are reduced.
19. **Business Retention and Expansion** - Funding is provided for additional business retention and expansion activities throughout the state.
20. **Tourism** - Funding is provided for the Washington State Tourism Office to market the state as a travel destination to other northwest states as well as California and British Columbia in order to increase visitor revenues.
21. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)
22. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Economic & Revenue Forecast Council

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>1,011</b>	<b>0</b>	<b>1,011</b>
<b>2003-05 Maintenance Level</b>	<b>1,039</b>	<b>0</b>	<b>1,039</b>
<b>Policy Changes</b>			
1. General Inflation	-4	0	-4
2. Pension Funding Change	-6	0	-6
3. Revolving Funds	8	0	8
<b>Total 2003-05 Biennium</b>	<b>1,037</b>	<b>0</b>	<b>1,037</b>
Fiscal Year 2004 Total	518	0	518
Fiscal Year 2005 Total	519	0	519

**Comments:**

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

## Office of Financial Management

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>24,964</b>	<b>45,988</b>	<b>70,952</b>
2003 Supplemental *	-20	12,000	11,980
<b>Total 2001-03 Biennium</b>	<b>24,944</b>	<b>57,988</b>	<b>82,932</b>
<b>2003-05 Maintenance Level</b>	<b>27,016</b>	<b>49,533</b>	<b>76,549</b>
<b>Policy Changes</b>			
1. General Inflation	-107	-90	-197
2. Accting Svcs for Other Agencies	-43	0	-43
3. Pension Funding Change	-190	-94	-284
4. SHB 1550 (Reg Asst Office)	100	0	100
5. 2SSB 5694 (Integrated Permit Syst)	249	0	249
6. Revolving Funds	-1,332	940	-392
7. Staff Reduc. & Oper. Efficiencies	-648	-16	-664
<b>Total 2003-05 Biennium</b>	<b>25,045</b>	<b>50,273</b>	<b>75,318</b>
Fiscal Year 2004 Total	12,662	24,842	37,504
Fiscal Year 2005 Total	12,383	25,431	37,814

**Comments:**

- General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, Data Processing Revolving Account-Non-Appropriated)
- Accting Svcs for Other Agencies** - The Small Agency Client Services' rate increase included in maintenance level reduces the need for state general funds.
- Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
- SHB 1550 (Reg Asst Office)** - Funding is provided to implement Chapter 71, Laws of 2003 (SHB 1550) to develop a website containing information on regulatory requirements for businesses and citizens.
- 2SSB 5694 (Integrated Permit Syst)** - Chapter 245, Laws of 2003 (2SSB 5694), establishes a pilot project to develop an integrated environmental permit system. One-time funding is provided for the contract to develop this system.
- Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Data

Processing Revolving Account-Non-Appropriated, Risk Management Administration Account-Non-Appropriated)

- Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Office of Administrative Hearings

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>22,444</b>	<b>22,444</b>
2003 Supplemental *	0	1,079	1,079
<b>Total 2001-03 Biennium</b>	<b>0</b>	<b>23,523</b>	<b>23,523</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>25,045</b>	<b>25,045</b>
<b>Policy Changes</b>			
1. General Inflation	0	-120	-120
2. Pension Funding Change	0	-127	-127
3. Revolving Funds	0	-6	-6
4. Staff Reduc. & Oper. Efficiencies	0	-184	-184
5. Self-Insurance Premiums	0	61	61
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>24,669</b>	<b>24,669</b>
Fiscal Year 2004 Total	0	12,319	12,319
Fiscal Year 2005 Total	0	12,350	12,350

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Administrative Hearings Revolving Account-State)

amount for the agency's self-insurance premium in the 2003-05 biennium. (Administrative Hearings Revolving Account-State)

2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS' and TRS Plans 1 during FY 2004 and FY 2005. (Administrative Hearings Revolving Account-State)

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Administrative Hearings Revolving Account-State)

4. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Administrative Hearings Revolving Account-State)

5. **Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased

## Department of Personnel

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>32,886</b>	<b>32,886</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>32,851</b>	<b>32,851</b>
<b>Policy Changes</b>			
1. Civil Service Work Increase	0	142	142
2. General Inflation	0	-328	-328
3. Governor's Internship Program	0	-165	-165
4. Human Resource Info Systems	0	10,592	10,592
5. Pension Funding Change	0	-184	-184
6. Revolving Funds	0	-164	-164
7. Staff Reduc. & Oper. Efficiencies	0	-169	-169
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>42,575</b>	<b>42,575</b>
Fiscal Year 2004 Total	0	20,842	20,842
Fiscal Year 2005 Total	0	21,733	21,733

### Comments:

1. **Civil Service Work Increase** - Funding is provided for miscellaneous expenses related to the implementation of civil service reform but not associated with the development of the new Human Resource Information System. (Department of Personnel Service Account-State)
2. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Department of Personnel Services Account-State, Data Processing Revolving Account-Non Appropriated)
3. **Governor's Internship Program** - The Governor's Internship Program is eliminated. (Department of Personnel Service Account-State)
4. **Human Resource Info Systems** - Funding is provided to begin the replacement of the state payroll and personnel computer systems. (Department of Personnel Data Processing Revolving Fund-Non-Appropriated)
5. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Department of Personnel Services Account-State, Data Processing Revolving Account-Non Appropriated, Higher Education Personnel Services Account-State)
6. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Department of Personnel Services Account-State, Data Processing Revolving Account-Non Appropriated, Higher Education Personnel Services Account-State)
7. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, benefits, and other operating efficiencies. (Department of Personnel Service Account-State)

## State Lottery Commission

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>812,320</b>	<b>812,320</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>707,903</b>	<b>707,903</b>
<b>Policy Changes</b>			
1. General Inflation	0	-2,248	-2,248
2. Information Services	0	158	158
3. Legal Services	0	50	50
4. Pension Funding Change	0	-121	-121
5. Mega Millions Implementation	0	430	430
6. Revolving Funds	0	-18	-18
7. Staff Reduc. & Oper. Efficiencies	0	-336	-336
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>705,818</b>	<b>705,818</b>
Fiscal Year 2004 Total	0	350,831	350,831
Fiscal Year 2005 Total	0	354,987	354,987

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (State Lottery Account-Non-Appropriated, Lottery Administrative Account-State)
2. **Information Services** - Funding is provided for a computer security specialist to enhance the protection of the Commission's assets from unauthorized access, destruction, or tampering. This new staff member will conduct additional comprehensive security reviews, evaluations, and systems analysis to ensure the security of Lottery information technology operations. (Lottery Administrative Account-State)
3. **Legal Services** - Funding is provided for legal services for the procurement of the Commission's on-line electronic gaming vendor contract and for on-line electronic gaming acceptance testing. The next on-line vendor contract is expected to cost in excess of \$10 million per year, with a 6- to 10-year contract commitment. (Lottery Administrative Account-State)
4. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Lottery Administrative Account-State)
5. **Mega Millions Implementation** - Funding is provided for one financial analyst, one programmer, one district sales representative, one part-time customer service specialist, and one security investigator as a result of the Mega Millions multi-jurisdictional lottery game. Mega Millions was authorized by the 2002 Legislature but FTEs and funding were not requested at the time. (Lottery Administrative Account-State)
6. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Lottery Administrative Account-State)
7. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Lottery Administrative Account-State)

## Washington State Commission on Hispanic Affairs

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>436</b>	<b>0</b>	<b>436</b>
2003 Supplemental *	5	0	5
<b>Total 2001-03 Biennium</b>	<b>441</b>	<b>0</b>	<b>441</b>
<b>2003-05 Maintenance Level</b>	<b>439</b>	<b>0</b>	<b>439</b>
<b>Policy Changes</b>			
1. General Inflation	-4	0	-4
2. Coordinate Hispanic Comm Issues	-35	0	-35
3. Pension Funding Change	-2	0	-2
4. Revolving Funds	10	0	10
<b>Total 2003-05 Biennium</b>	<b>408</b>	<b>0</b>	<b>408</b>
Fiscal Year 2004 Total	204	0	204
Fiscal Year 2005 Total	204	0	204

**Comments:**

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions.
2. **Coordinate Hispanic Comm Issues** - In order to increase administrative efficiency, the Governor's Office of Indian Affairs shall collocate with the Commission on Asian-Pacific-American Affairs, the Commission on African-American Affairs, the Commission on Hispanic Affairs, and the Citizens' Commission on Salaries for Elected Officials. Administrative and salary savings are assumed due to shared administrative functions and fixed costs.
3. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
4. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

\* Please see the 2003 Supplemental Operating Budget Section for additional information.



## Washington State Commission on African-American Affairs

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>418</b>	<b>0</b>	<b>418</b>
2003 Supplemental *	5	0	5
<b>Total 2001-03 Biennium</b>	<b>423</b>	<b>0</b>	<b>423</b>
<b>2003-05 Maintenance Level</b>	<b>447</b>	<b>0</b>	<b>447</b>
<b>Policy Changes</b>			
1. General Inflation	-3	0	-3
2. Coordinate African-American Issues	-53	0	-53
3. Pension Funding Change	-2	0	-2
4. Revolving Funds	8	0	8
<b>Total 2003-05 Biennium</b>	<b>397</b>	<b>0</b>	<b>397</b>
Fiscal Year 2004 Total	198	0	198
Fiscal Year 2005 Total	199	0	199

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions.
2. **Coordinate African-American Issues** - In order to increase administrative efficiency, the Governor's Office of Indian Affairs shall collocate with the Commission on Asian-Pacific-American Affairs, the Commission on African-American Affairs, the Commission on Hispanic Affairs, and the Citizens' Commission on Salaries for Elected Officials. Administrative and salary savings are assumed due to shared administrative functions and fixed costs.
3. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
4. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Personnel Appeals Board

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>1,705</b>	<b>1,705</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>1,737</b>	<b>1,737</b>
<b>Policy Changes</b>			
1. General Inflation	0	-6	-6
2. Pension Funding Change	0	-10	-10
3. Revolving Funds	0	10	10
4. Staff Reduc. & Oper. Efficiencies	0	-6	-6
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>1,725</b>	<b>1,725</b>
Fiscal Year 2004 Total	0	861	861
Fiscal Year 2005 Total	0	864	864

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Department of Personnel Service Account-State)
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Department of Personnel Service Account-State)
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Department of Personnel Service Account-State)
4. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Department of Personnel Service Account-State)

## Department of Retirement Systems

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>53,244</b>	<b>53,244</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>45,944</b>	<b>45,944</b>
<b>Policy Changes</b>			
1. General Inflation	0	-318	-318
2. Unreduced Duty Death Survivor Ben.	0	31	31
3. LEOFF 2 Board Services	0	1,676	1,676
4. Pension Funding Change	0	-218	-218
5. EMT Service Credit Transfer	0	125	125
6. Substitute Employee Service Credit	0	124	124
7. Fallen Hero Survivor Benefits	0	77	77
8. Retire-Rehire Oversight	0	324	324
9. Complete Imaging of Member Files	0	1,678	1,678
10. Essential Maintenance of EDIMS	0	405	405
11. Plan 3 Contributions	0	21	21
12. Death Benefit for Public Employees	0	30	30
13. Revolving Funds	0	-786	-786
14. Staff Reduc. & Oper. Efficiencies	0	-541	-541
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>48,572</b>	<b>48,572</b>
Fiscal Year 2004 Total	0	26,062	26,062
Fiscal Year 2005 Total	0	22,510	22,510

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Dependent Care Administrative Account-State, Department of Retirement Expense Account-State)
2. **Unreduced Duty Death Survivor Ben.** - Funding is provided for the administrative costs associated with paying unreduced survivor benefits for members of the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS), and the Teachers' Retirement System (TRS) who were killed on the job, pursuant to Chapter 155, Laws of 2003 (HB 1519). (Department of Retirement Systems Expense Fund-State)
3. **LEOFF 2 Board Services** - Funding is provided for additional duties associated with the Law Enforcement Officers' and Fire Fighters' Plan 2 (LEOFF 2) Board created by Initiative 790. The expenses of the Department of Retirement Systems will be reimbursed by the LEOFF 2 Board. (Department of Retirement Systems Expense Account-State)
4. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for PERS, SERS, and TRS. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State)
5. **EMT Service Credit Transfer** - Funding is provided for administrative costs associated with the opportunity provided by Chapter 293, Laws of 2003 (SHB 1202). The bill provides for Emergency Medical Technicians (EMT) to transfer service credit earned in PERS into the LEOFF Plan 2. (Department of Retirement Systems Expense Account-State)
6. **Substitute Employee Service Credit** - Funding is provided for administrative costs of providing the optional purchase of service credit by substitute employees in SERS after the end of each school year as required by Chapter 157, Laws of 2003 (SB 5094). (Department of Retirement Expense Account-State)
7. **Fallen Hero Survivor Benefits** - Funding is provided for administrative costs associated with removing the actuarial reduction for survivor benefits paid on behalf of public safety officers killed in the line of duty, pursuant to Chapter 32, Laws of 2003 (SB 5100), and in compliance with the federal Fallen Hero Survivor Benefit Fairness Act of 2001. (Department of Retirement Expense Account-State)
8. **Retire-Rehire Oversight** - Funding is provided for administrative costs associated with new oversight responsibilities in Chapter 412, Laws of 2003, Partial Veto (SHB 1829), related to the hiring of retired members of PERS Plan 1. (Department of Retirement Systems Expense Account-State)

## Department of Retirement Systems

9. **Complete Imaging of Member Files** - Funding is provided to complete the conversion of member files to electronic images for the agency's Electronic Document Image Management System (EDIMS). At the beginning of FY 2004, the Department of Retirement Systems estimates that one-third of the files will remain non-imaged. (Department of Retirement Systems Expense Account-State)
10. **Essential Maintenance of EDIMS** - Funding is provided for the ongoing maintenance of EDIMS. These funds will cover maintenance fee increases, the replacement of computer hardware, and software upgrades. (Department of Retirement Systems Expense Account-State)
11. **Plan 3 Contributions** - Funding is provided for administrative costs associated with the provision of additional contribution options in PERS, TRS, and SERS Plans 3 under Chapter 156, Laws of 2003 (HB 1206). (Department of Retirement Systems Expense Account-State)
12. **Death Benefit for Public Employees** - Funding is provided for administrative costs associated with paying a \$150,000 lump-sum death benefit for members of PERS, SERS, and TRS, pursuant to Chapter 402, Laws of 2003 (HB 1207). (Department of Retirement Systems Expense Fund-State)
13. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Non-Appropriated)
14. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Non-Appropriated)

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## State Investment Board

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>13,461</b>	<b>13,461</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>13,337</b>	<b>13,337</b>
<b>Policy Changes</b>			
1. General Inflation	0	-41	-41
2. Investment Activities	0	150	150
3. Pension Funding Change	0	-68	-68
4. Investment Consultant for Fircrest	100	0	100
5. Revolving Funds	0	-8	-8
6. Staff Reduc. & Oper. Efficiencies	0	-108	-108
<b>Total 2003-05 Biennium</b>	<b>100</b>	<b>13,262</b>	<b>13,362</b>
Fiscal Year 2004 Total	100	6,709	6,809
Fiscal Year 2005 Total	0	6,553	6,553

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (State Investment Board Expense Account-State)
2. **Investment Activities** - Funding is provided for the State Investment Board (SIB) to hire a consultant to develop a plan with the securities industry and the Department of Information Services to allow SIB to implement the settlement of transactions within the same day for a security trade, which is called straight-through-processing. The cost of the consultant will be \$150,000. (State Investment Board Expense Account-State)
3. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (State Investment Board Expense Account-State)
4. **Investment Consultant for Fircrest** - Funding is provided for a contract with a real estate investment consultant to prepare options and recommended investment strategies for surplus property at the five state residential habilitation centers. Investment return from the surplus properties is to be deposited into an account to support services for developmentally disabled clients. In developing recommended strategies for the Fircrest School property, the contractor shall identify an investment strategy that will produce the greatest long-term investment return on the property without sale of the land.
5. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (State Investment Board Expense Account-State)
6. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (State Investment Board Expense Account-State)

## Department of Revenue

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>150,768</b>	<b>10,300</b>	<b>161,068</b>
2003 Supplemental *	-830	0	-830
<b>Total 2001-03 Biennium</b>	<b>149,938</b>	<b>10,300</b>	<b>160,238</b>
<b>2003-05 Maintenance Level</b>	<b>160,124</b>	<b>11,215</b>	<b>171,339</b>
<b>Policy Changes</b>			
1. Revenue Enforcement Enhancement	6,180	0	6,180
2. Pension Funding Change	-808	-42	-850
3. Implementing the SSTA	303	0	303
4. Commute Trip Reduction Program	103	0	103
5. Municipal Business & Occupation Tax	82	0	82
6. Administrative Rule Notice	92	0	92
7. Revolving Funds	-104	-2	-106
8. Staff Reduc. & Oper. Efficiencies	-1,566	-52	-1,618
9. Self-Insurance Premiums	154	0	154
<b>Total 2003-05 Biennium</b>	<b>164,560</b>	<b>11,119</b>	<b>175,679</b>
Fiscal Year 2004 Total	82,644	5,560	88,204
Fiscal Year 2005 Total	81,916	5,559	87,475

### Comments:

1. **Revenue Enforcement Enhancement** - The amount of \$6.18 million is provided to the Department for additional revenue enforcement efforts. Strategies may include, but are not limited to, additional taxpayer education, audit activity, tax discovery efforts, and delinquent account collections. Positions funded include auditors, revenue agents, excise tax examiners, one hearings examiner, and one field audit manager. This investment is expected to produce \$32.0 million in revenue for the state general fund in the 2003-05 biennium.
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, Timber Tax Distribution Account-State, Unclaimed Personal Property Account-Non-Appropriated)
3. **Implementing the SSTA** - Funding is provided to implement the streamlined sales and use tax agreement (SSTA), pursuant to Chapter 168, Laws of 2003 (SB 5783). Activities include, but are not limited to, studying sourcing issues, assisting taxpayers with new definitions and tax liability, and amending rules.
4. **Commute Trip Reduction Program** - Funding is provided to implement the Commute Trip Reduction Program, pursuant to Chapter 364, Laws of 2003 (ESHB 2228).
5. **Municipal Business & Occupation Tax** - Funding is provided to study the net fiscal impact of the apportionment and allocation method outlined in Chapter 79, Laws of 2003 (EHB 2030), pursuant to the requirements of the same chapter.
6. **Administrative Rule Notice** - Funding is provided to the Department to increase the frequency with which it notifies businesses of changes to administrative rules, pursuant to Chapter 246, Laws of 2003 (ESSB 5766).
7. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Timber Tax Distribution Account-State)
8. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Timber Tax Distribution Account-State)
9. **Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Department's self-insurance premium in the 2003-05 biennium.

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Board of Tax Appeals

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>2,200</b>	<b>0</b>	<b>2,200</b>
<b>2003-05 Maintenance Level</b>	<b>2,205</b>	<b>0</b>	<b>2,205</b>
<b>Policy Changes</b>			
1. General Inflation	-12	0	-12
2. Pension Funding Change	-12	0	-12
3. Revolving Funds	12	0	12
4. Staff Reduc. & Oper. Efficiencies	-64	0	-64
<b>Total 2003-05 Biennium</b>	<b>2,129</b>	<b>0</b>	<b>2,129</b>
Fiscal Year 2004 Total	1,141	0	1,141
Fiscal Year 2005 Total	988	0	988

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
4. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

## Municipal Research Council

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>4,575</b>	<b>4,575</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>4,621</b>	<b>4,621</b>
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>4,621</b>	<b>4,621</b>
Fiscal Year 2004 Total	0	2,305	2,305
Fiscal Year 2005 Total	0	2,316	2,316

***Comments:***

There were no policy level changes.



## Office of Minority & Women's Business Enterprises

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>2,616</b>	<b>2,616</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>2,519</b>	<b>2,519</b>
<b>Policy Changes</b>			
1. General Inflation	0	-23	-23
2. Pension Funding Change	0	-16	-16
3. General Activity Cut	0	-500	-500
4. Revolving Funds	0	10	10
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>1,990</b>	<b>1,990</b>
Fiscal Year 2004 Total	0	995	995
Fiscal Year 2005 Total	0	995	995

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Minority and Women's Business Enterprises Account-State)
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Minority and Women's Business Enterprises Account-State)
3. **General Activity Cut** - The Office's spending authority is reduced by \$500,000 as a general activity cut. The Office shall use its managerial discretion to reduce spending in areas that will have the least impact on client services. The Office is encouraged to diversify its funding sources by adjusting fees to a more meaningful level and soliciting grants from outside sources. In addition, the Legislature will review the Office's structure and functions and recommend changes during FY 2004. (Minority and Women's Business Enterprises Account-State)
4. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Minority and Women's Business Enterprises Account-State)

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Department of General Administration

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>1,204</b>	<b>128,454</b>	<b>129,658</b>
2003 Supplemental *	-9	0	-9
<b>Total 2001-03 Biennium</b>	<b>1,195</b>	<b>128,454</b>	<b>129,649</b>
<b>2003-05 Maintenance Level</b>	<b>1,202</b>	<b>130,098</b>	<b>131,300</b>
<b>Policy Changes</b>			
1. General Inflation	-2	-1,264	-1,266
2. Campus Tours	-616	616	0
3. Commute Trip Reduction	0	0	0
4. Dist Surplus Food/Prop:TEFAP/CSFP	0	967	967
5. Parking Management	0	0	0
6. Pension Funding Change	-4	-388	-392
7. Revolving Funds	0	-152	-152
8. Staff Reduc. & Oper. Efficiencies	-112	-1,288	-1,400
9. Self-Insurance Premiums	0	188	188
<b>Total 2003-05 Biennium</b>	<b>468</b>	<b>128,777</b>	<b>129,245</b>
Fiscal Year 2004 Total	193	64,525	64,718
Fiscal Year 2005 Total	275	64,252	64,527

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, various other funds)
  2. **Campus Tours** - In the 2003-05 biennium, tours of the State Capitol will be funded through the Seat of Government charge instead of the state general fund. (General Fund-State, General Administration Services Account-State)
  3. **Commute Trip Reduction** - In the 2001-03 biennium, campus parking fees funded the Commute Trip Reduction Program Coordinator and other program administrative expenses. Beginning in the 2003-05 biennium, the Seat of Government charge will fund this program. (State Capitol Vehicle Parking Account-State, General Administration Services Account-State)
  4. **Dist Surplus Food/Prop:TEFAP/CSFP** - The U.S. Department of Agriculture established The Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP) to provide food and administrative funds to meet the needs of a client base that was not being served by other federal programs. The client will receive a monthly food package targeted to meet the special nutritional needs of children and the elderly. (General Fund-Federal)
  5. **Parking Management** - Parking services will be funded entirely by parking revenues from state employees in the 2003-05 biennium. Parking fee revenue will be placed in the State Vehicle Parking Account to pay costs in support of parking facility operational maintenance, parking regulation and enforcement, and parking facility capital reinvestment costs.
  6. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
  7. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)
  8. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)
  9. **Self-Insurance Premiums** - Funding is provided for the Department's annual self-insurance premium to fund the state's Self-Insurance Liability Program. (General Administration Services Account-Non-Appropriated)
- \* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Department of Information Services

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>207,397</b>	<b>207,397</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>209,361</b>	<b>209,361</b>
<b>Policy Changes</b>			
1. Digital Learning	2,000	0	2,000
2. General Inflation	0	-2,764	-2,764
3. Pension Funding Change	0	-416	-416
4. Revolving Funds	0	-58	-58
5. Staff Reduc. & Oper. Efficiencies	0	-676	-676
<b>Total 2003-05 Biennium</b>	<b>2,000</b>	<b>205,447</b>	<b>207,447</b>
Fiscal Year 2004 Total	1,000	102,680	103,680
Fiscal Year 2005 Total	1,000	102,767	103,767

### Comments:

1. **Digital Learning** - The Digital Learning Commons is a web-based portal where students, parents, and teachers from around the state will have access to digital resources, learning tools, and on-line classes. The intent is to establish a clearinghouse of high-quality on-line courses and curriculum materials that are aligned with the state's essential learning requirements. The clearinghouse shall be designed for ease of use and shall pool the purchasing power of the state so that these resources and courses are affordable and accessible to schools, teachers, students, and parents. The demonstration project is funded through \$2 million in state funds, which will be matched by \$3 million in private grants. An independent, nonprofit organization will launch this public-private partnership, which will become self-sustaining after the start-up phase.

FTE staff years, salaries, benefits, and other operating costs.  
(Data Processing Revolving Account-Non-Appropriated)

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

2. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Various funds)

3. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Various funds)

4. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Data Processing Revolving Account-Non-Appropriated)

5. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for

## Office of the Insurance Commissioner

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>30,550</b>	<b>30,550</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>31,536</b>	<b>31,536</b>
<b>Policy Changes</b>			
1. Automated Systems Examinations	0	212	212
2. Pension Funding Change	0	-178	-178
3. Market Conduct Examinations	0	544	544
4. Health Plan Provider Networks	0	195	195
5. Agent & Broker Licensing	0	221	221
6. Revolving Funds	0	408	408
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>32,938</b>	<b>32,938</b>
Fiscal Year 2004 Total	0	16,478	16,478
Fiscal Year 2005 Total	0	16,460	16,460

### Comments:

1. **Automated Systems Examinations** - Funding is provided to establish an automation examination specialist position to assess the automated systems of insurance companies as part of each company's financial examination. This examination will comply with national accreditation standards of the National Association of Insurance Commissioners. (General Fund-Federal, Insurance Commissioner's Regulatory Account-State)
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Insurance Commissioner's Regulatory Account-State)
3. **Market Conduct Examinations** - Funding is provided to establish an adequate staffing level to conduct statutorily-mandated market conduct examinations for all domestic insurers and health carriers at least once every five years. (Insurance Commissioner's Regulatory Account-State)
4. **Health Plan Provider Networks** - Funding is provided for ongoing analysis of health care provider networks, to be performed in conjunction with the Department of Social and Health Services and the Health Care Authority. (Insurance Commissioner's Regulatory Account-State)
5. **Agent & Broker Licensing** - Funding is provided for additional staff to address increased licensing requirements and caseloads, as well as for an automation examination specialist. These positions will reduce the waiting period for licenses, appointments, and affiliations from 20 to 5 business days. (Insurance Commissioner's Regulatory Account-State)
6. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Insurance Commissioner's Regulatory Account-State)

## State Board of Accountancy

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>1,716</b>	<b>1,716</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>1,649</b>	<b>1,649</b>
<b>Policy Changes</b>			
1. General Inflation	0	-11	-11
2. Public Accountancy Act (SHB 1211)	0	351	351
3. Pension Funding Change	0	-6	-6
4. Revolving Funds	0	8	8
5. Staff Reduc. & Oper. Efficiencies	0	-6	-6
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>1,985</b>	<b>1,985</b>
Fiscal Year 2004 Total	0	1,051	1,051
Fiscal Year 2005 Total	0	934	934

**Comments:**

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Certified Public Accountants' Account-State)
2. **Public Accountancy Act (SHB 1211)** - Appropriation authority is provided to implement the Public Accountancy Act, pursuant to Chapter 290, Laws of 2003 (SHB 1211). (Certified Public Accountants' Account-State)
3. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Certified Public Accountants' Account-State)
4. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Certified Public Accountants' Account-State)
5. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Certified Public Accountants' Account-State)

**Forensic Investigations Council**

(Dollars in Thousands)

	<b>GF-S</b>	<b>Other</b>	<b>Total</b>
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>276</b>	<b>276</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>274</b>	<b>274</b>
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>274</b>	<b>274</b>
Fiscal Year 2004 Total	0	262	262
Fiscal Year 2005 Total	0	12	12

**Comments:**

There were no policy level changes.

## Washington Horse Racing Commission

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>4,436</b>	<b>4,436</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>4,633</b>	<b>4,633</b>
<b>Policy Changes</b>			
1. General Inflation	0	-12	-12
2. Pension Funding Change	0	-20	-20
3. Revolving Funds	0	8	8
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>4,609</b>	<b>4,609</b>
Fiscal Year 2004 Total	0	2,306	2,306
Fiscal Year 2005 Total	0	2,303	2,303

**Comments:**

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Horse Racing Commission Account-State)
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Horse Racing Commission Account-State)
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Horse Racing Commission Account-State)

## Washington State Liquor Control Board

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>2,922</b>	<b>152,704</b>	<b>155,626</b>
2003 Supplemental *	0	480	480
<b>Total 2001-03 Biennium</b>	<b>2,922</b>	<b>153,184</b>	<b>156,106</b>
<b>2003-05 Maintenance Level</b>	<b>2,932</b>	<b>148,584</b>	<b>151,516</b>
<b>Policy Changes</b>			
1. General Inflation	-13	-1,319	-1,332
2. Liquor Store Relocations	0	369	369
3. Open Five New Liquor Stores	0	2,172	2,172
4. Reinstate Expenses for Liquor Store	0	3,136	3,136
5. MBS-Maintain Production System	0	1,309	1,309
6. MBS-Complete Migration	0	2,000	2,000
7. Pension Funding Change	-12	-528	-540
8. Revolving Funds	2	22	24
9. Self-Insurance Premiums	0	954	954
<b>Total 2003-05 Biennium</b>	<b>2,909</b>	<b>156,699</b>	<b>159,608</b>
Fiscal Year 2004 Total	1,454	78,616	80,070
Fiscal Year 2005 Total	1,455	78,083	79,538

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)
2. **Liquor Store Relocations** - Expenditure authority is provided to relocate 13 of the 157 state-run liquor stores to new locations consistent with population growth and improved marketing practices. The new locations are projected to increase net revenue to the state general fund by \$2.6 million and local governments by \$1.1 million during the 2003-05 biennium. (Liquor Revolving Account-State)
3. **Open Five New Liquor Stores** - Expenditure authority is provided for the Liquor Control Board to open five new liquor stores in areas of the state that are underserved due to rapid population growth. The new stores will generate \$3.4 million in net revenue for the state and \$1.0 million in net revenue for local governments during the 2003-05 biennium. (Liquor Revolving Account-State, Liquor Revolving Account-Non-Appropriated)
4. **Reinstate Expenses for Liquor Store** - Expenditure authority of \$3.1 million is provided for adequate staffing to prevent the closure of 11 state liquor stores and to increase store hours for 82 liquor stores. Previous budget reductions, combined with costs unanticipated by the Legislature, resulted in store hours being reduced, expected store closures, and a reduction in revenues. This increased level of funding will prevent a \$1.2 million reduction in future state general fund revenues. (Liquor Revolving Account-State)
5. **MBS-Maintain Production System** - In the 2001-03 biennium, the Legislature appropriated funding for new point-of-sale technology, known as the Merchandising Business System (MBS), to replace the agency's obsolete system. The new MBS will allow tracking of all state store retail sales, and include forecasting and data analysis that should encourage more effective purchasing and business practices. Additional funding is provided to purchase MBS software licenses, provide training, and hire technical staff to support the system. (Liquor Revolving Account-State)
6. **MBS-Complete Migration** - In the 2001-03 biennium, the Legislature appropriated \$4.8 million to build a new MBS to improve point-of-sale data analysis and business practices. Of the \$4.8 million in planned expenditures, \$2.0 million remain unspent due to contractor and other delays and are reappropriated for the 2003-05 biennium. The total expenditures for the project shall not exceed the original appropriation of \$4.8 million, but the additional time to expend the funds should allow the Board to implement the project effectively. (Liquor Revolving Account-State)
7. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, Liquor Revolving Account-State)
8. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General,



## Washington State Liquor Control Board

are adjusted to reflect what those agencies are expected to bill for their services. (Liquor Revolving Account-State)

9. **Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (Liquor Revolving Account-State)

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Utilities and Transportation Commission

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>30,829</b>	<b>30,829</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>30,675</b>	<b>30,675</b>
<b>Policy Changes</b>			
1. General Inflation	0	-103	-103
2. Financial and Budget Services	0	150	150
3. Performance Audit (SHB 1013)	0	200	200
4. Pension Funding Change	0	-197	-197
5. Revolving Funds	0	-50	-50
6. Staff Reduc. & Oper. Efficiencies	0	-1,092	-1,092
7. Self-Insurance Premiums	0	98	98
8. Lapse - SHB 1013	0	-200	-200
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>29,481</b>	<b>29,481</b>
Fiscal Year 2004 Total	0	14,867	14,867
Fiscal Year 2005 Total	0	14,614	14,614

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Public Service Revolving Account-State, Pipeline Safety Account-State)
2. **Financial and Budget Services** - Funding is provided to complete the Utilities and Transportation Commission's (UTC) financial system upgrade. The upgrade will automate accounting entries, increase security and internal controls, and provide more timely and accurate data to agency managers through improved reporting. (Public Service Revolving Account-State, Pipeline Safety Account-State)
3. **Performance Audit (SHB 1013)** - Additional expenditure authority of \$200,000 is provided in recognition of SHB 1013 (UTC Performance Audit). These funds are to be transferred to the Joint Legislative Audit and Review Committee (JLARC) for the performance audit outlined in the bill. SHB 1013 was not enacted. See lapse comment below. (Public Service Revolving Account-State, Pipeline Safety Account-State, Pipeline Safety Account-Federal)
4. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Public Service Revolving Account-State)
5. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Public Service Revolving Account-State, Pipeline Safety Account-State)
6. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Public Service Revolving Account-State, Pipeline Safety Account-State, Pipeline Safety Account-Federal)
7. **Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (Public Service Revolving Account-State, Pipeline Safety Account-State)
8. **Lapse - SHB 1013** - Performance Audit - Because SHB 1013 did not pass the Legislature, the associated spending authority lapses (see item 3 above). (Public Service Revolving Account-State, Pipeline Safety Account-State, Pipeline Safety Account-Federal)

### Governor's Vetoes:

The Governor vetoed Section 148(2) of Chapter 25, Laws of 2003, 1st sp.s., Partial Veto (ESSB 5404), which would have allowed the Commission to accept reimbursement for employees' travel cost when participating in multi-state regulatory matters.

## Board for Volunteer Firefighters

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>569</b>	<b>569</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>687</b>	<b>687</b>
<b>Policy Changes</b>			
1. General Inflation	0	-2	-2
2. Pension Funding Change	0	-2	-2
3. Revolving Funds	0	56	56
4. Staff Reduc. & Oper. Efficiencies	0	-6	-6
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>733</b>	<b>733</b>
Fiscal Year 2004 Total	0	362	362
Fiscal Year 2005 Total	0	371	371

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Administrative Account-State)
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Administrative Account-State)
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Administrative Account-State)
4. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Administrative Account-State)

## Military Department

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>17,875</b>	<b>130,483</b>	<b>148,358</b>
2003 Supplemental *	30	-4,666	-4,636
<b>Total 2001-03 Biennium</b>	<b>17,905</b>	<b>125,817</b>	<b>143,722</b>
<b>2003-05 Maintenance Level</b>	<b>17,970</b>	<b>115,650</b>	<b>133,620</b>
<b>Policy Changes</b>			
1. General Inflation	-116	-255	-371
2. Disaster Response and Recover	0	190	190
3. Employer Support of Guard/Reserves	-28	0	-28
4. Enhanced 911 Program	0	11,152	11,152
5. Facility Operations & Maintenance	-500	500	0
6. Military Records Management	-286	286	0
7. Real Property Management	-133	133	0
8. Homeland Security Federal Support	200	13,638	13,838
9. Homeland Security Supplemental	0	29,917	29,917
10. Vehicle/Equipment Maintenance	-263	0	-263
11. WA Emergency Mgmt Council	-133	0	-133
12. Washington State Guard	-26	0	-26
13. Additional Camp Murray Security	0	980	980
14. Pension Funding Change	-88	-100	-188
15. Nisqually Spending Adjustment	0	-6,200	-6,200
16. Extend Earthqk. Discretionary Fund	0	3,000	3,000
17. Revolving Funds	78	0	78
18. Staff Reduc. & Oper. Efficiencies	-228	-138	-366
19. Self-Insurance Premiums	262	0	262
<b>Total 2003-05 Biennium</b>	<b>16,709</b>	<b>168,753</b>	<b>185,462</b>
Fiscal Year 2004 Total	8,486	103,944	112,430
Fiscal Year 2005 Total	8,223	64,809	73,032

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (General Fund-State, various other funds)
2. **Disaster Response and Recover** - One-time funding is provided to develop an automated system to collect and track damage assessment information following a disaster. The system will allow impacted organizations to provide information through an Internet template and will produce a database that can be updated as projects are developed, approved, and modified throughout the recovery process. Currently, the Military Department manages more than \$135 million in federal and state funds for recovery from floods and the 2001 Nisqually earthquake. This funding level assumes modification of systems currently available through vendors. (Disaster Response Account-State)
3. **Employer Support of Guard/Reserves** - Funding is eliminated for the Employer Support of Guard/Reserves Program. The program provides advice to employers and military members about their rights and responsibilities under the law and seeks resolutions to misunderstandings between employers and reservists when forces are called for national defense. Full-time, federally-funded counsel remains available to provide legal advice and intervention.
4. **Enhanced 911 Program** - Funding is provided to support the Enhanced 911 (E911) program. An increased level of support for counties is provided to meet new federal requirements that mandate that E911 systems work with wireless calls and to replace out-of-date equipment for supporting wireline calls. Funding is provided in the following three areas: (1) to cover the difference between local tax revenues and minimum service requirements costs (while all counties collect the maximum E911 taxes permitted by law, only seven counties collect sufficient revenue to meet minimum service requirements); (2) to pay for statewide expenses; and (3) to provide technical support staff specializing in wireless systems in the Department's Emergency Management Division. Total funding includes \$2.2 million for one-time equipment purchases. (Enhanced 911 Account-State)
5. **Facility Operations & Maintenance** - Funding of \$500,000 for maintenance costs of Army and Air National Guard and Emergency Management Division facilities is shifted from state to federal. The facilities are primarily used for federal purposes. (General Fund-State, General Fund-Federal)

## Military Department

6. **Military Records Management** - State funding of \$286,000 for military records management is shifted to federal funding. Requirements for recordkeeping of all active, reserve, retired officers, and other service records are primarily for federal purposes. (General Fund-State, General Fund-Federal)

7. **Real Property Management** - State funding of \$133,000 for real property management of Army and Air National Guard and Emergency Management Division facilities is eliminated. Many of these facilities are used by local organizations that currently pay nominal rent for utility, maintenance, and operation costs. It is assumed that real property management, which includes the rental agreement function, will also be covered by rental fees. (General Fund-State, General Fund-Private/Local)

8. **Homeland Security Federal Support** - Based on recent congressional action, \$13.6 million in total federal funding is expected to be available to assist Washington State in improving homeland security, with no state or local matching fund requirements (except \$200,000 for state Terrorism Consequence Management). The Military Department will receive the funds and distribute them as determined by the Adjutant General and the Governor's Homeland Security Executive Group in conjunction with federal requirements and approval. Confirmed funding of \$11.3 million from the federal FY 2003 budget is available. Federal budget projections indicate another \$2.3 million will likely become available for statewide interoperable communication equipment, competitive grants for local governments, and Community Emergency Response Training (CERT)/Citizen Corps, bringing the total federal funding for state FY 2004 to \$13.6 million. Note the expected breakout of funding for state and local governments below. (General Fund-State, General Fund-Federal)

### Funding for State Needs:

Amounts of \$2.97 million in federal funds and \$200,000 in state funds are provided for prescribed equipment, exercises, planning and administration, Terrorism Consequence Management, and training.

### Funding for Local Needs:

An additional \$8.3 million in federal funds is provided for prescribed equipment, exercises, planning and administration, Terrorism Consequence Management, and competitive grants.

9. **Homeland Security Supplemental** - Based on the federal FY 2003 supplemental budget, an additional \$29.9 million in homeland security funding has been awarded to Washington State, with no state or local matching fund requirements. The Military Department will receive the funds and distribute them as determined by the Adjutant General and the Governor's Homeland Security Executive Group in conjunction with federal requirements and approval. Note the expected breakout of funding for state and local governments below. (General Fund-Federal)

### Funding for State Needs:

The amount of \$5.2 million is provided for prescribed equipment, training, exercises, and planning. An additional \$2 million is also provided for enhanced security at critical infrastructure facilities, as part of Operation Liberty Shield, and other purposes as permitted under federal rules.

### Funding for Local Needs:

The amount of \$20.7 million is provided for prescribed equipment, training, exercises, and planning. An additional \$2 million is also provided for enhanced security at critical infrastructure facilities, as part of Operation Liberty Shield, and other purposes as permitted under federal rules.

10. **Vehicle/Equipment Maintenance** - Funding is eliminated for the on-site repair of vehicles belonging to the state or issued to the state by the federal government. Repairs will be continued through the use of local vendors. The Military Department may also increase the use of the state motor pool, equipment rental, and contract maintenance.
11. **WA Emergency Mgmt Council** - Funding is eliminated for administrative support to the Emergency Management Council (EMC). The EMC will continue to operate, but travel and support costs will be covered by the member organizations of the EMC or funded by outside grants, if possible. The Emergency Management Division will absorb costs for the annual assessment report produced by the EMC.
12. **Washington State Guard** - Funding is eliminated for the uniform allowance of members of the Washington State Guard, which is composed primarily of retired members of the Washington Army and Air National Guards.
13. **Additional Camp Murray Security** - Federal funding is provided for additional security staff at entrances to Camp Murray consistent with federal readiness measures. (General Fund-Federal)
14. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
15. **Nisqually Spending Adjustment** - The Department's expenditure authority from the state Nisqually Earthquake Account is reduced by \$6.2 million to reflect the decrease in funds needed for earthquake repair claims. (Nisqually Earthquake Account-State)
16. **Extend Earthqk. Discretionary Fund** - A total of \$17.2 million was provided in the 2001 supplemental budget as a

## Military Department

discretionary fund for the Office of Financial Management (OFM) to cover earthquake damage claims that have merit but are not covered by the Federal Emergency Management Agency (FEMA). To date, \$7.8 million of these claims have been approved, leaving a \$9.4 million balance. Of the remaining \$9.4 million, \$3.0 million is reappropriated for claims that still have appeals pending with FEMA or are otherwise waiting for approval. OFM shall manage the \$3.0 million by providing assistance only where it is most critical and shall report to the Legislature on any project approved over \$1.0 million. (Nisqually Earthquake Account-State)

17. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
18. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)
19. **Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Department's self-insurance premium in the 2003-05 biennium.

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Public Employment Relations Commission

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>4,564</b>	<b>0</b>	<b>4,564</b>
<b>2003-05 Maintenance Level</b>	<b>4,820</b>	<b>535</b>	<b>5,355</b>
<b>Policy Changes</b>			
1. General Inflation	-16	0	-16
2. Resolve Pub Employer Labor Disputes	0	2,099	2,099
3. Pension Funding Change	-38	-3	-41
4. Charter Schools Implementation	40	0	40
5. Revolving Funds	12	0	12
6. Staff Reduc. & Oper. Efficiencies	-20	-89	-109
7. Lapse - 2ESSB 5012	-40	0	-40
<b>Total 2003-05 Biennium</b>	<b>4,758</b>	<b>2,542</b>	<b>7,300</b>
Fiscal Year 2004 Total	2,362	1,274	3,636
Fiscal Year 2005 Total	2,396	1,268	3,664

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions.
2. **Resolve Pub Employer Labor Disputes** - Funding is provided for workload increases due to increased oversight and mediation relating to the collective bargaining/civil service reform process as required by Chapter 354, Laws of 2002, Partial Veto (SHB 1268). FTE staff added include two administrators, eight mediators, and clerical and support staff. (General Fund-State, Department of Personnel Service Account-State)
3. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (General Fund-State, Department of Personnel Service Account-State)
4. **Charter Schools Implementation** - Funding is provided for the implementation of 2ESSB 5012 (Charter Schools), which provides for the establishment of a limited number of charter schools. As the result of the establishment of additional bargaining units associated with charter schools, it is anticipated that the Public Employees' Relations Commission will have additional certification, mediation, and hearing workload. 2ESSB 5012 was not enacted. See lapse note below. (General Fund-State)
5. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State)
6. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Department of Personnel Service Account-State)
7. **Lapse - 2ESSB 5012** - Funds provided for Charter Schools Implementation will lapse because 2ESSB 5012 failed to be enacted.

## Growth Management Hearings Board

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>2,958</b>	<b>0</b>	<b>2,958</b>
<b>2003-05 Maintenance Level</b>	<b>3,067</b>	<b>0</b>	<b>3,067</b>
<b>Policy Changes</b>			
1. General Inflation	-12	0	-12
2. Pension Funding Change	-16	0	-16
3. Revolving Funds	8	0	8
4. Staff Reduc. & Oper. Efficiencies	-44	0	-44
<b>Total 2003-05 Biennium</b>	<b>3,003</b>	<b>0</b>	<b>3,003</b>
Fiscal Year 2004 Total	1,536	0	1,536
Fiscal Year 2005 Total	1,467	0	1,467

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions.
2. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005.
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.
4. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.



## State Convention and Trade Center

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>67,734</b>	<b>67,734</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>71,405</b>	<b>71,405</b>
<b>Policy Changes</b>			
1. General Inflation	0	-190	-190
2. Convention Center Construction Pymt	0	525	525
3. Revolving Funds	0	12	12
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>71,752</b>	<b>71,752</b>
Fiscal Year 2004 Total	0	35,402	35,402
Fiscal Year 2005 Total	0	36,350	36,350

**Comments:**

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (State Convention and Trade Center Operations Account-State)
2. **Convention Center Construction Pymt** - Funding is provided to maintain the State Convention and Trade Center building in the 2003-05 biennium, including replacement and restoration of worn wall coverings, portable chairs, slate, steam traps, and the air system. (Convention and Trade Center Account-State)
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Convention and Trade Center Operations Account-State)

## Department of Financial Institutions

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>24,392</b>	<b>24,392</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>24,387</b>	<b>24,387</b>
<b>Policy Changes</b>			
1. General Inflation	0	-70	-70
2. Non-Appropriated Fund Adjustment	0	168	168
3. Securities Violations (SHB 1219)	0	161	161
4. Pension Funding Change	0	-141	-141
5. Workforce Planning	0	505	505
6. Space Request	0	682	682
7. IT Security & Software Licensing	0	150	150
8. Money Transmitters	0	884	884
9. Examination Enhancement	0	110	110
10. STAR Application Development	0	658	658
11. IA Integrity & Consumer Protection	0	1,178	1,178
12. Revolving Funds	0	-12	-12
13. Staff Reduc. & Oper. Efficiencies	0	-218	-218
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>28,442</b>	<b>28,442</b>
Fiscal Year 2004 Total	0	13,977	13,977
Fiscal Year 2005 Total	0	14,465	14,465

**Comments:**

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Financial Services Regulation Account-Non-Appropriated)
2. **Non-Appropriated Fund Adjustment** - Increased allotment authority is provided to continue and enhance e-banking and information systems credit union examinations. Demand for these exams, instituted during the 2001-03 biennium, is greater than was originally estimated. (Financial Services Regulation Account-Non-Appropriated)
3. **Securities Violations (SHB 1219)** - Additional allotment authority is provided to increase efforts to investigate and prosecute securities violations, pursuant to Chapter 288, Laws of 2003 (SHB 1219). (Securities Prosecution Account-Non-Appropriated)
4. **Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System, and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially-assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. (Financial Services Regulation Account-Non-Appropriated)
5. **Workforce Planning** - Increased allotment authority is provided to implement the compensation and class series packages approved by the Personnel Resources Board, which merged two of the Department's unique job classes into a revised Financial Examiner class series and created a new Financial Legal Examiner series. (Financial Services Regulation Account-Non-Appropriated)
6. **Space Request** - The Department's allotment authority is increased to cover the incremental costs of newly-leased office space. (Financial Services Regulation Account-Non-Appropriated)
7. **IT Security & Software Licensing** - Increased allotment authority of \$97,000 is provided for the Department's share of the Department of Information Services' new Microsoft Software Assurance Agreement annual fee for software use and upgrades. Increased allotment authority of \$53,000 is provided to strengthen network security so that more data and services can be made available over the Internet. (Financial Services Regulation Account-Non-Appropriated)
8. **Money Transmitters** - Chapter 287, Laws of 2003 (SHB 1455), provides for the regulation and licensing of money transmitters and currency exchangers. The Department's allotment authority is increased to implement these new activities. (Financial Services Regulation Account-Non-Appropriated)
9. **Examination Enhancement** - An allotment increase is provided for additional personal service contracts to conduct fraud investigations and to receive legal advice on complex consumer protection laws. Funding for such contracts was originally approved in the 2001-03 biennium upon advice of the Office of the State Auditor and is increased due to a growing

## Department of Financial Institutions

need for specialized services in fraud investigation and legal advice on consumer protection laws. (Financial Services Regulation Account-Non-Appropriated)

10. **STAR Application Development** - Increased allotment authority is provided to develop the next phase of the Department's integrated relational database system, known as STAR (Securities Tracking And Registration). To date, registration, licensing, and enforcement modules have been completed. This phase will add an imaging and document management system, increased electronic filing capabilities, enhancements to the existing modules, and ongoing maintenance. (Financial Services Regulation Account-Non-Appropriated)
11. **IA Integrity & Consumer Protection** - Increased allotment authority is provided to change the investment adviser (IA) examination cycle from seven years to three years, raise preemptive regulatory standards, and allow for prompt corrective action for violations. This will align the regulatory program with national accreditation standards. Reducing the examination cycle requires three additional financial examiners and prompt enforcement action requires two additional attorneys. (Financial Services Regulation Account-Non-Appropriated)
12. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Financial Services Regulation Account-Non-Appropriated)
13. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Financial Services Regulation Account-Non-Appropriated)

\* Please see the 2003 Supplemental Operating Budget Section for additional information.

## Washington State Gambling Commission

(Dollars in Thousands)

	GF-S	Other	Total
<b>2001-03 Expenditure Authority</b>	<b>0</b>	<b>29,353</b>	<b>29,353</b>
<b>2003-05 Maintenance Level</b>	<b>0</b>	<b>29,112</b>	<b>29,112</b>
<b>Policy Changes</b>			
1. General Inflation	0	-126	-126
2. Self-Insurance Premiums, Experience	0	168	168
3. Revolving Funds	0	10	10
4. Staff Reduc. & Oper. Efficiencies	0	-1,880	-1,880
<b>Total 2003-05 Biennium</b>	<b>0</b>	<b>27,284</b>	<b>27,284</b>
Fiscal Year 2004 Total	0	12,967	12,967
Fiscal Year 2005 Total	0	14,317	14,317

### Comments:

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their missions. (Gambling Revolving Account-Non-Appropriated)
2. **Self-Insurance Premiums, Experience** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (Gambling Revolving Account-Non-Appropriated)
3. **Revolving Funds** - Funding levels for services provided by other state agencies, such as the Office of the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Gambling Revolving Account-Non-Appropriated)
4. **Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Gambling Revolving Account-Non-Appropriated)

\* Please see the 2003 Supplemental Operating Budget Section for additional information.